

Document #4827

11/5/86

BOSTON REDEVELOPMENT AUTHORITY

FIRST AMENDMENT TO THE REPORT AND DECISION ON THE APPLICATION FOR AUTHORIZATION AND APPROVAL OF A PROJECT UNDER CHAPTER 121A OF THE MASSACHUSETTS GENERAL LAWS (TER. ED.), AS AMENDED, AND CHAPTER 652 OF THE ACTS OF 1960, AS AMENDED, AND FOR CONSENT TO THE FORMATION PURSUANT TO SAID CHAPTER 121A OF AN URBAN REDEVELOPMENT LIMITED PARTNERSHIP UNDER THE NAME 175 FEDERAL STREET ASSOCIATES, FOR THE PURPOSE OF UNDERTAKING AND CARRYING OUT THE PROJECT.

On December 22, 1977, the Authority voted to adopt a Report and Decision on the Application of 175 Federal Street Associates for approval of a Redevelopment Project and for consent to the formation of a limited partnership under the name of 175 Federal Street Associates pursuant to Chapter 121A of the Massachusetts General Laws. The Project has been constructed and consists of a six-sided 16-story office building containing approximately 200,000 square feet of rental space with first floor commercial space and appurtenant facilities. The Project Area was designated as Parcel C7-1 on a plan entitled "Central Business District-Urban Renewal Area Project No. Mass. R-82-Boston, Suffolk County, Massachusetts Delivery Parcel Plan, Parcel C7-1, C7-2 dated December 18, 1973, revised December 20, 1974. The Project is regulated pursuant to a Land Disposition Agreement (the "LDA"), between the Authority and the Applicant dated December 23, 1974.

The Project since its inception has been owned by the Trustees of 175 Federal Street Trust, as the nominee of 175 Federal, to hold title. The property was conveyed to said Trustees by deed of the Authority, dated July 23, 1975, and recorded in the Suffolk Registry of Deeds.

On September 12, 1986, 175 Federal Street Associates and 175 Federal Street Joint Venture, a joint venture established by and between 175 Federal Street Associates and 175 Federal Street Realty Corp., (collectively the "Applicants") jointly submitted an Application requesting the Authority's approval of the following:

1. The consent of the Authority to the transfer of the beneficial ownership of the Project held in said Trust to 175 Federal Street Joint Venture, a joint venture established by Agreement dated as of September 9, 1986, (the "new Owner"). A copy of said Agreement is attached as Exhibit A to the Application.

2. The transfer of the Project will enable the Trustees thereof to refinance the Project by obtaining mortgage financing of up to \$16,000,000 from The Aetna Casualty and Surety Company to repay existing indebtedness for this Project and/or to pay for ongoing tenant work and improvements.

3. The Trustees of the present mortgagee for this Project, General Electric Pension Trust, ("GEPT") will form 175 Federal Street Realty Corp., a co-ventures in the 175 Federal Street Joint Venture. As a result of the GEPT Affiliate obtaining an equity interest in the Project, the cost of repairs, tenant improvements and associated leasing costs in the Project will be apportioned equitably. A detailed description of the resulting financial arrangements is provided in the Application.

4. As a condition to the Authority's approval, the New Owner will enter into a contract with the City pursuant to Section 6A and Section 14 of Chapter 121A of the Massachusetts General Laws containing such terms which have been determined by the Commissioner of Assessing.

The New Ownership will also execute a new Regulatory Agreement with the Authority pursuant to Section 18C of said Chapter 121A, containing such terms and conditions as the Director of the Authority may in his discretion deem necessary and proper.

The proposed transfer has been approved by the Authority's staff. The proposed transfer does not represent a fundamental change to the Project. The New Owner shall have the financial resources to operate and maintain the Project and to meet the duties imposed by Chapter 121A and the Acts of 1960, Chapter 652.

175 Federal Street Associates, the 121A entity which developed and has operated the Project since its construction, will participate as a managing co-venturer in the new ownership entity. Therefore, 175 Federal Street Associates shall continue to control the operation of the Project. By virtue of the continuing role of 175 Federal Street Associates with regard to the Project, no change in the operation or management of the Project will result from the proposed transfer. The proposed transfer shall enable equity in the Project to be realized in order to fund necessary tenant improvements.

Based upon the foregoing, the Authority approves the "Application for consent to transfer a Project pursuant to General Laws Chapter 121A, Section 11, to acquire a Project pursuant to General Laws Chapter 121A, Section 18B and 18C and the Acts of 1960, Chapter 652, Section 13A, and to form an Entity to take Title thereto, said Entity to be organized under General Laws Chapter 121A, and pursuant to the Acts of 1960, Chapter 652, all as amended."

APPLICATION FOR CONSENT TO TRANSFER A PROJECT PURSUANT TO GENERAL LAWS CHAPTER 121A, SECTION 11, TO ACQUIRE A PROJECT PURSUANT TO GENERAL LAWS CHAPTER 121A, SECTIONS 18B and 18C AND THE ACTS OF 1960, CHAPTER 652, SECTION 13A, AND TO FORM AN ENTITY TO TAKE TITLE THERETO, SAID ENTITY TO BE ORGANIZED UNDER GENERAL LAWS CHAPTER 121A, AND PURSUANT TO THE ACTS OF 1960, CHAPTER 652, ALL AS AMENDED.

1. 175 Federal Street Associates, a Massachusetts limited partnership and 175 Federal Street Joint Venture, a joint venture established by and between 175 Federal Street Associates and 175 Federal Street Realty Corp., (Collectively the "Applicants") hereby jointly apply to the Boston Redevelopment Authority (the "Authority") pursuant to the provisions of General Laws Chapter 121A, Sections 11, 18B and 18C as amended, the provisions of the Acts of 1960 Chapter 652, Section 13A, as amended, and any rules and regulations of the Authority that may be applicable thereto, for the consent of the Authority to the proposed transfer of the beneficial ownership of the project, commonly known as "175 Federal Street" (the "Project") to 175 Federal Street Joint Venture, (the "Transferee") a joint venture to be established by Agreement, and for consent of the Authority to the formation of 175 Federal Street Joint Venture to be organized for the purpose of carrying out the Project under said Chapter 121A.

2. The Transferee is a joint venture established by Agreement dated as of September 9, 1986 by and between 175 Federal Street Associates, a Massachusetts limited partnership which is the presently approved Urban Redevelopment Limited Partnership for the purpose of carrying out the Project ("175 Federal"), and 175 Federal Street Realty Corp. ("GEPT Affiliate"), a Delaware

corporation, formed by the Trustees of General Electric Pension Trust ("GEPT"), the present mortgagee for this Project. 175 Federal has been designated as the managing joint venturer of the joint venture.

3. The name and the business address of the Transferee in the Commonwealth is:

175 Federal Street Joint Venture c/o The Beacon Companies
One Post Office Square 34 Fl.
Boston, MA 02109

Notices and requests by the Authority in connection with this Application should be directed to:

Edwin N. Sidman
c/o The Beacon Companies
One Post Office Square 34 Fl.
Boston, MA 02109

With a copy to:

Charles J. Speleotis, Esq.
Rubin and Rudman
Three Center Plaza
Boston, MA 02108

4. The Project is bounded generally by Federal, Purchase, High and Summer Streets. The Project Area is more fully described in the Report and Decision of the Authority dated December 22, 1977 (the "Report and Decision") and in Paragraph 3 of the initial Application for such approval. The construction of the Project has been completed. It consists of an office tower of 16 stories containing about 200,000 square feet of office space with appurtenant facilities, all as more fully described in the Report and Decision.

5. At a meeting of the Authority held on December 22, 1977, the Authority voted by its adoption of the Report and Decision to

authorize and approve the Project; making all the findings required for such authorization and approval under the Acts of 1960, c.652, §13. The Mayor of the City of Boston approved that vote of the Authority on December 27, 1977. Certificates of these votes and mayoral approvals dated December 28, 1977 were filed with the office of the City Clerk by the Secretary of the Authority on December 29, 1977.

6. The Project since its inception has been owned by the Trustees of 175 Federal Street Trust, as the nominee of 175 Federal, to hold title. The property was conveyed to said Trustees by deed of the Authority dated July 23, 1975 and recorded in the Suffolk Registry of Deeds.

7. On December 11, 1978, 175 Federal entered into a contract with the City of Boston pursuant to G.L. c.121A, §§6A and 14. A copy of this contract and the Report and Decision and Exhibits C (Minimum Standards for Financing, Construction, Maintenance and Management of the Project), D (Statement of Amounts to be Paid to the City of Boston in Addition to the Excise Prescribed by G.L. c.121A, §10), and B (Regulatory Agreement with the Authority) thereof, are annexed to this Application.

8. It is intended that the Transferee succeed to all of the obligations and rights of 175 Federal under the 6A Contract with the City of Boston and the Report and Decision of the Authority and be substituted for 175 Federal from that time forward in every way relating to the Project except as set forth herein. The form of an Assumption Agreement with the City and the Authority

evidencing such succession and substitution is submitted herewith as Exhibit A.

9. 175 Federal, as the sole beneficiary of 175 Federal Street Trust, proposes to transfer the entire beneficial interest in said Trust to the Transferee which will direct the Trustees thereof to refinance the Project by obtaining mortgage financing of up to \$16,000,000 from the Aetna Casualty and Surety Company ("Aetna") to repay existing indebtedness for this Project and/or to pay for ongoing tenant work and improvements. The existing first mortgage in the original principal amount of \$500,000 granted to GEPT will remain in place. There will be no distribution to the partners of 175 Federal of any of the refinancing proceeds. The resulting estimated Cost of the Project would therefore be increased to \$19,190,000 (including financing, existing equity and loan for working capital) with the financing for the Project from Aetna and GEPT amounting to \$16,500,000.

10. Under present financing arrangements between GEPT and 175 Federal, 46% of gross revenues in excess of \$2,160,000.00 is distributed to GEPT. As a result of the GEPT Affiliate obtaining an equity interest in the Project, GEPT's original 46% participation in revenues under its financing arrangements will be converted to a 46% participation in net cash flow, and refinancing and sales proceeds and 175 Federal, the other joint venturer will still hold a 54% interest. Following GEPT's conversion, the parties will have the same relative cash flow position which these parties presently have, but as indicated below, the conversion will permit a more equitable apportionment of the cost of repairs,

tenant improvements and associated leasing costs in the Project. At closing GEPT would terminate its present option to purchase the land portion of the Project.

11. The remaining first mortgage granted to GEPT would be modified so as to allow tenant improvements and leasing expenses as a deduction from gross income. Heretofore such expenses were not allowed as a deduction thus making it financially unattractive for 175 Federal to make major tenant improvements which in turn would create higher and more competitive rentals for first class office users. With GEPT's conversion to an equity position and the additional borrowing from Aetna requested hereunder, a major tenant improvements' program will be undertaken and gross income from rentals is anticipated to increase thus enhancing the City's potential for increased participation under its 6A Contract and its percentage of gross income.

12. The Transferee does not propose to raise any capital in connection with the acquisition of the Project, although it will be receiving an unsecured loan from 175 Federal in the approximate amount of \$590,000.00. The proceeds of this loan will be used primarily for working capital.

13. It is expected that the proposed transfer of the beneficial interest in the Project will be consummated within three (3) months after the final approval by the Authority of this Application.

14. It is not proposed that by reason of the transfer of beneficial interest there will be any changes in the plan for the Project as authorized and approved by the Authority. Therefore,

the transfer will not alter the project boundaries, or affect the objectives, standards, requirements and restrictions as to use, construction and design as set forth in the Report and Decision, or the obligations and duties to be performed and carried out with respect to the Project.

15. The Project has been constructed and it is not proposed that there be any fundamental change in it. Therefore the transfer will have no effect upon the environment.

16. The proposed financing to be provided by Aetna will be used to pay off existing indebtedness of \$13,500,000 with the remaining \$2,500,000 to be used for improvements to the building, tenant improvements and associated financing and leasing costs. Attached hereto as Exhibit B is a schedule showing existing and projected average gross rents for the Project if such improvements are made. Without the expenditure of the financing proceeds on such improvements, it would not be possible to achieve the new projected rentals. The schedule also projects the overall average gross rents which would result if such improvements could not be made.

17. As a result of 175 Federal's successful completion and maintenance of the Project and its continuing participation as

managing co-venturer, it is submitted that the Transferee has demonstrated that it has the ability requisite to perform the obligations and carry out the duties imposed by G.L. c.121A with respect to the Project.

17. Therefore the Transferee respectfully requests that the Authority consent to its acquisition of the Project with all of the rights, privileges, benefits and exemptions and subject to all the duties of 175 Federal, except as modified herein.

EXECUTED as a sealed instrument this 10 day of September, 1986.

TRANSFEROR

175 FEDERAL STREET ASSOCIATES

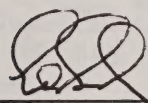
BY: 

A General Partner

TRANSFeree

175 FEDERAL STREET JOINT VENTURE

BY: 175 Federal Street
Associates
Managing Joint Venturer

BY: 

A General Partner

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

September 10, 1986

Then personally appeared the above named Edwin Sidman General Partner of 175 Federal Street Associates, who, being duly sworn, severally made oath that to the best of his knowledge and belief the statements contained in the foregoing Application and the Exhibits included in it are true, before me,

Devra B. Lasden
Notary Public

My commission expires:

DEVRA B. LASDEN, Notary Public

My Commission Expires April 6, 1990

COMMONWEALTH OF MASSACHUSETTS

Suffolk, ss.

September 10, 1986

Then personally appeared the above named Edwin Sidman General Partner of 175 Federal Street Associates, who executed the foregoing Application on behalf of 175 Federal Street Joint Venture, being duly sworn, severally made oath that to the best of his knowledge and belief the statements contained in the foregoing Application and the Exhibits included in it are true, before me,

Devra B. Lasden
Notary Public

My commission expires:

DEVRA B. LASDEN, Notary Public

My Commission Expires April 6, 1990

EXHIBIT B

09/17/86

175 FEDERAL STREET RENTAL INCOME BREAKDOWN

A. Assuming Tenant Improvements Made as Projected

YEAR	LONG TERM LEASES		LEASES EXPIRING BEFORE 1/1/89		OVERALL
	SQ FT	AVG RENT	SQ FT	AVG RENT	AVG. RENT
1986	87,150	\$12	116,755	\$19	\$16
1987	87,150	12	116,755	21	17
1988	87,150	12	116,755	27	21
1989	87,150	12	116,755	31	23
1990	87,150	12	116,755	31	23
1991	87,150	12	116,755	31	23
1992	87,150	12	116,755	32	24
1993	87,150	12	116,755	35	25
1994	87,150	12	116,755	41	29
1995	87,150	12	116,755	41	29
1996	87,150	12	116,755	41	29

B. Assuming Tenant Improvements Not Made (Space re-rented "as-is")

YEAR	LONG TERM LEASES		LEASES EXPIRING BEFORE 1/1/89		OVERALL
	SQ FT	AVG RENT	SQ FT	AVG RENT	AVG. RENT
1986	87,150	\$12	116,755	\$19	\$16
1987	87,150	12	116,755	21	17
1988	87,150	12	116,755	27	20
1989	87,150	12	116,755	29	22
1990	87,150	12	116,755	29	22
1991	87,150	12	116,755	29	22
1992	87,150	12	116,755	30	22
1993	87,150	12	116,755	31	23
1994	87,150	12	116,755	35	25
1995	87,150	12	116,755	35	25
1996	87,150	12	116,755	35	25

CONTRACT REQUIRED BY SECTION 6A
OF CHAPTER 121A OF THE GENERAL LAWS

AGREEMENT made this day of , 1978, by and between 175 FEDERAL STREET ASSOCIATES, a Massachusetts Limited Partnership organized pursuant to Massachusetts General Laws, Chapter 109 (the "Owner"), and the CITY OF BOSTON, a municipal Corporation of the Commonwealth of Massachusetts (the "CITY"); acting under Massachusetts General Laws Chapter 121A, section 6A and every other power and authority hereto enabling.

WITNESSETH THAT:

WHEREAS, there has been filed on behalf of the Owner with the Boston Redevelopment Authority of the Commonwealth of Massachusetts (the "Authority") an application dated March 1, 1976 (the "Application") under the provisions of Massachusetts General Laws, Chapter 121A, as amended, and Chapter 652 of the Acts of 1960, as amended, for approval of a project situated in the City of Boston, said project being more particularly described in said Application and in the metes and bounds description of said Application (the "Project");

WHEREAS, the Authority approved the Project by a vote on December 22, 1977; and

WHEREAS, the Mayor of the City of Boston approved the aforementioned vote of the Authority on December 27, 1977; and

WHEREAS, the Certificate of Vote of the Authority and the approval of the Mayor of the City of Boston were filed with the office of the City Clerk on December 29, 1977; and

WHEREAS, the City has heretofore assessed real estate taxes applicable to calendar year 1977 and the first six (6) months of 1978 for the Project (last half fiscal year 1977 and fiscal year

1978), for which the Limited Partnership is entitled to a credit against taxes payable to the City pursuant to Paragraph 1(c) hereof; and

WHEREAS, the Limited Partnership is required in accordance with General Laws, Chapter 121A, section 10 to pay the Commonwealth of Massachusetts an excise tax, which is transmitted by the Commonwealth to the City for calendar year 1977 and fourteen (14) years succeeding; and

WHEREAS, the Limited Partnership has agreed to pay the City additional taxes as provided in this Contract.

NOW, THEREFORE:

1. The Limited Partnership hereby agrees with the City as follows:

(a) To carry out the Project by constructing, maintaining and managing the same in accordance with the Application, the provisions of said Chapter 121A of the General Laws as now in effect, and of Chapter 652 of the Acts of 1960 as now in effect, the Rules and Regulations of the Authority as now in effect, the Minimum Standards for the Financing, Construction, Maintenance and Management of the Project as now in effect and set forth in Exhibit C to the Application, and the Report and Decision of the Authority approving the Project.

(b) To pay to the Commonwealth of Massachusetts with respect to each of the fifteen (15) years during which the Project is subject to said Chapter 121A, the Urban Redevelopment Excise Tax required under section 10 of said Chapter 121A.

(c) To pay to the City with respect to each calendar year commencing with the calendar year 1977, twenty-three (23%) percent of the Gross Income of the Project in such calendar year, less the amount of excise payable and prescribed for such calendar year by General Laws, Chapter 121A, section 10. In no event, however, shall the Limited Partnership pay more in any calendar year than an amount equal to the taxes which would have been assessed for such calendar year (by taxes for any fiscal year or combination thereof) upon the real estate included in the Project Area and the tangible personal property of the Limited Partnership used in connection with the operation, maintenance, or management of the Project if such real estate and tangible personal property had not been exempt from taxation.

Any payments which may become due on account of the provisions of this Subparagraph for any calendar year shall be paid to the City on or before April 1st of the year next following such calendar year.

Notwithstanding the foregoing provisions: (i) any payments due by the Limited Partnership with respect to any calendar year pursuant to the provisions of section 15 of Chapter 121A, as now or hereafter in effect, shall reduce the payments due with respect to such calendar year by the Limited Partnership pursuant to the provisions of this Contract, but shall not reduce the payments prescribed by section 10 of said Chapter as now in effect; and (ii) if the Limited Partnership, notwithstanding the provisions of this Contract, shall in any year pay to the Common-

wealth of Massachusetts, or any political subdivision thereof, any excise or tax measured by income from or investment in the Project additional to the excise provided for by section 10 of said Chapter as now in effect, the applicable amounts stated in or computed in accordance with this Paragraph, shall be reduced by the amount of such additional excise or tax. Any overpayment (including payments for the last half of fiscal year 1977, and fiscal year 1978 paid to the City pursuant to General Laws, Chapter 59) applicable to one calendar year shall, at the election of the City, be either refunded or applied by the City to reduce the payments due in the next calendar year, except that with respect to the last calendar year in which any overpayment by the Limited Partnership shall be forthwith refunded by the City.

Inasmuch as the Limited Partnership is obligated to pay the excise tax under General Laws, Chapter 121A, section 10 for calendar years 1977 and following years, as well as the additional taxes to the City pursuant to this Agreement for calendar years 1977 and 1978, and whereas the Limited Partnership has or will have paid the real estate taxes assessed for the Project attributable to calendar year 1977 in the amount of \$336,205.31 (last half of fiscal year 1977 and first half of fiscal year 1978), and the first six (6) months of 1978 in the amount of \$240,368.80 (last half of fiscal year 1978), it is the intent of this Agreement to provide a credit to the Limited Partnership for those real estate taxes paid to the City of Boston to be applied

against the additional tax due to the City of Boston under this Agreement for calendar year 1977 and succeeding years until the full amount of that real estate tax as previously paid has been fully credited.

It is our further understanding that to the extent that any amounts are due and owing for real estate taxes for calendar year 1977 or the first six (6) months of 1978, said real estate taxes shall be paid by the Limited Partnership on or before ~~September 1978~~ *
~~September 1978~~ *

The phrase "Gross Income of the Project", as used in this Contract, shall be deemed to mean the following:

The gross rentals received from others by the Limited Partnership from the Project, exclusive of security deposits and prepaid rents received by the Limited Partnership until the same are applied to or accrued for rental payments actually due; and exclusive of operating escalation payments received from any tenant; and exclusive of any and all payments received by the Limited Partnership (even though such payments may be designated as "additional rent" or "fixed rent" or included as a component of the base rent); to reimburse the Limited Partnership for any expenses incurred by the Limited Partnership in connection with any default of a tenant or any actual increased costs to the Limited Partnership of real estate taxes and assessments or any charges, payments or excises in lieu thereof.

No income realized by the Limited Partnership from any business not directly related to the construction, alteration,

maintenance, repair, operation or management of the Project shall be included in computing the Gross Income of the Project.

The Board of Assessors of the City of Boston had determined for the purpose of said Chapter 121A that the Maximum Fair Cash Value for the Project on completion shall not exceed Five Million (\$5,000,000.00) Dollars. Prior to completion, the Maximum Fair Cash Value shall be the percentage of work completed in place at each assessing date times the Maximum Fair Cash Value for the Project.

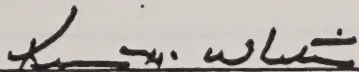
3. The Limited Partnership agrees to submit to the Commissioner of Assessing or its designated representative within fifteen (15) days of the end of each calendar year during which this Contract is in effect, a statement of income and expenses of the Project, and the amounts invested in the construction of said Project.

4. The Limited Partnership agrees to file with the Assessor or its designated representative within one hundred twenty (120) days of the end of each partnership reporting year (twelve (12) months ended November 30th) during which this Contract is in effect, an audited report, prepared by a Certified Public Accountant, consisting of a statement of profit and loss, a balance sheet, a statement of changes in financial position for the preceding reporting year, and a statement of operating escalation payments received from tenants, and a certified copy of the Limited Partnership's Urban Redevelopment Exclusion Tax return and

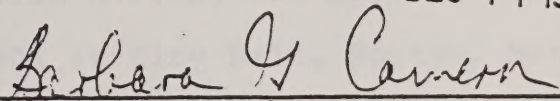
all attachments thereto filed and submitted to the Department of Corporations and Taxation.

EXECUTED as a sealed instrument the day and year first above written.

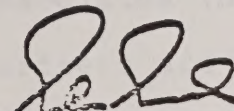
CITY OF BOSTON

By 
Mayor

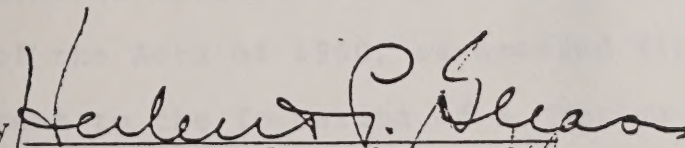
DEC 11 1978

By 
Commissioner of Assessing

175 FEDERAL STREET ASSOCIATES

By 
General Partner

APPROVED AS TO FORM:

By 
Corporation Counsel

BOSTON REDEVELOPMENT AUTHORITY

REPORT AND DECISION ON THE APPLICATION FOR
AUTHORIZATION AND APPROVAL OF A PROJECT UNDER
CHAPTER 121A OF THE MASSACHUSETTS GENERAL LAWS
(TER. ED.), AS AMENDED, AND CHAPTER 652 OF THE
ACTS OF 1960, AS AMENDED, AND FOR CONSENT TO
THE FORMATION PURSUANT TO SAID CHAPTER 121A OF
AN URBAN REDEVELOPMENT LIMITED PARTNERSHIP
UNDER THE NAME 175 FEDERAL STREET ASSOCIATES,
FOR THE PURPOSE OF UNDERTAKING AND CARRYING
OUT THE PROJECT.

A. The Hearing. A public hearing was held at 1:50 P.M., on October 7, 1976, in Room 901 at City Hall, Boston, Massachusetts, by the Boston Redevelopment Authority (hereinafter called the "Authority") on an Application, as amended (the "Application"), filed by 175 Federal Street Associates (hereinafter called the "Applicant"), whose General Partners are Norman B. Leventhal, Edwin N. Sidman, and Richard L. Friedman, for authorization and approval of a redevelopment project under Chapter 121A of the General Laws of The Commonwealth of Massachusetts and Chapter 652 of the Acts of 1960, as amended (the "Project"), and for the consent to the formation of a Chapter 121A limited partnership under the name 175 Federal Street Associates (the "121A Limited Partnership"), for the purpose of undertaking and carrying out the Project, due notice of said hearing having been given previously by publication on September 20, 1976, and September 27, 1976 in the Boston Herald American, a newspaper of general circulation published in Boston and mailing appropriate notices postage prepaid, in accordance with the provisions of Rule 8 of the Authority's Rules and Regulations for Securing Approval of Projects

in Boston under Chapter 121A of the General Laws, as Amended, as amended through September 9, 1976 (the "Regulations") and Section 13 of Chapter 652 of the Acts of 1960, as amended.

Robert L. Farrell, Chairman of the Authority, and Joseph J. Walsh, James G. Colbert, James K. Flaherty, and James E. Coffield, Jr., were present throughout the hearing.

B. The Project. The Project consists of the purchase from the Authority of the Project Area, as defined in Paragraph 3 of the Application, and designated as Parcel C7-1 on a plan entitled "Central Business District - Urban Renewal Area Project No. Mass. R-82-Boston, Suffolk County, Massachusetts Delivery Parcel Plan, Parcel C7-1, C7-2" dated December 18, 1973, revised December 20, 1974, and the construction, operation and maintenance on said Project Area by the Applicant of a six-sided 16-story office building containing approximately 200,000 square feet of rental space with first floor commercial space and appurtenant facilities.

The Project is regulated pursuant to a Land Disposition Agreement (the "LDA"), between the Authority and the Applicant dated December 23, 1974, and in accordance with the drawings and outline specifications which are attached to the Application as Exhibits F and G.

C. Authority Action. In passing upon the Application, the Authority has considered the Application itself, all documents, plans and exhibits filed therewith or referred to therein, the studies and investigations of the Project Area and vicinity and

the environmental aspects of the Project made by the Authority and staff and by consultants, the oral evidence presented at the hearing, the exhibits offered in evidence at the hearing and the arguments and statements made at the hearing. The members of the Authority have also viewed the Project Area.

D. The Project Area. The Project as defined in the Application constitutes a "Project" within the meaning of Section 1 of Chapter 121A of the General Laws, as amended.

The Application was filed after commencement of construction. By existing law, the Applicant does have standing to file its Application for the Project.

Applying the clear provisions of law, we find that the Application was filed on March 1, 1976 prior to the effective date of Chapter 827 of the Acts of 1975 (said Chapter 827 became effective on March 22, 1976); we find that the Applicant was conveyed the subject parcel by this Authority after January 1, 1975, namely on August 1, 1975; and we further find that the Applicant has filed written acceptance of the provisions of Chapter 827 with the Secretary of the Commonwealth on May 24, 1976, within six months after the effective date of the Act. Thus, the Applicant has met the three pre-conditions which are required in order to have standing to bring this Application, even after the commencement of construction as was the clear legislative intent.

The Project Area, as part of the Authority's Urban Renewal Plan for the Central Business District - South Station Area Pro-

ject No. Mass. R-82C, was declared by the Authority on May 23, 1968, as amended October 31, 1968 and approved by the City Council on February 24, 1969, and by the Mayor of the City of Boston on February 28, 1969, and the concurrence of other appropriate state and federal agencies, to be a decadent area. Said determination was made under Chapter 121B of the General Laws.

For the purposes of these proceedings, at the time of application, the Authority finds pursuant to Section 1 of Chapter 121A that the Project Area was open, blighted and decadent, any one of which is sufficient for compliance with the law as follows: The size of the Project Area, its irregular shape, its subsurface conditions within the property lines, and adjacent subsurface utility structures adjacent public tunnels and required street realignments and relocations. The Authority finds it was unduly costly to develop the Project Area because of the above conditions necessitating unduly expensive foundations and unduly expensive measures incident to constructing the building because of the site constraints. In particular the Authority finds that the additional cost of steel required over and above normal building techniques, as mandated by site conditions was \$930,000.00. This additional expense was required because of (i) the site, (ii) the fact that no structural loads could be tolerated on underground MBTA utility and subway tunnels flanking two sides of the site, and (iii) the necessity of cantilevering a portion of the building over widened High Street.

The Authority hereby further finds that the Project Area was

bounded by several streets, none of which were parallel, including High Street, Summer Street, Federal Street and Purchase Street, thus, creating an irregularly shaped lot, bounded by obsolete street patterns. The development will eliminate, to the maximum extent possible, the obsolete street patterns, conflicts between traffic and pedestrian movements by closing Federal Street between Purchase and High Streets, to form the landscaped pedestrian mall. Therefore, the Authority further finds that the construction of the Project will aid in alleviating obsolete street patterns.

Prior to the demolition of the buildings on the Project Area, the Authority finds that the site was decadent and said buildings were out of repair and deteriorated. Furthermore, said buildings covered the entire site, and thus, there was no provision for open spaces or pedestrian plazas or landscaped areas.

The Authority further finds that after the demolition of the former buildings, it was improbable that any buildings would be constructed in their place because of the site configuration and size of the Project Area of approximately 19,000 square feet, which when reduced by set-back requirements under zoning laws and by reason of the constraints which the site and the area immediately adjacent thereto as heretofore noted, the usable space allows for building coverage at ground level of only 8,000 square feet, after accommodating street realignments and pedestrian plazas. The Authority finds that such would be uneconomic for any developer without expensive design techniques, which in fact the Applicant has used in the Project.

Therefore, the Authority finds that for the purposes of these proceedings, at all times prior to the construction of the Project, the Project Area was an open, blighted and decadent area, and thus, the Project Area is a "Project" under the meaning of Section 1 of Chapter 121A of the General Laws. It is improbable that the area would be redeveloped by the ordinary operations of private enterprise. These conditions and other factors referred to in the Application and this Report and Decision warrant the carrying out of the Project in accordance with Chapter 121A, and that proposal constitutes a "Project" within the meaning of that statute.

The Authority further finds that the Authority is mandated by the provisions of Section 21 of Chapter 827 of the Acts of 1975 to make the determination and findings of open, blighted and decadent area as to the Project Area prior to the commencement of construction of the Project in order to give meaning to said provisions. The Project will provide substantial financial return to the City of Boston. Addendum 2 to the Application sets forth an example of the type of agreement to be entered into between the City of Boston and the Applicant. This agreement provides in substance, that there be paid to the City of Boston, in lieu of real estate taxes in each calendar year in which the Applicant is a 121A Limited Partnership, an amount over the excise taxes payable under General Laws, Chapter 121A, Section 10. Addendum 2 is attached only for illustrative purposes, and the approval of this Report and Decision does not bind the City to the terms of the said Addendum.

E. Cost of the Project. In the opinion of the Authority the cost of the Project has been realistically estimated in the Application and the Project will be practicable. The estimated cost of the Project is \$16,120,000.00. The Authority hereby approves the arrangements, as described in Paragraph 8 of the Application, for the financing of the cost of the Project.

The Authority finds that the Project will be feasible and that the financing program is approved.

The Project is desirable not only because it will eliminate a source of blight in the downtown area, but also because it is a compliment, both in design and function, to other improvements being made in the South Station area. Its location, close to the subway, bus and train facilities at South Station, make it an ideal location for an office building. In addition, it adjoins the Central Business District, and will provide convenient shopping opportunities for the office workers in the building. Thus, the Authority finds that the Project will contribute to the stabilization of the area, by channeling employees into the Mass. Transit System and away from reliance upon automobiles for commuting.

F. Consistency with Master Plan. The Project Area does not conflict with the Master Plan of the City of Boston. Furthermore, the Project will be built in accordance with the Urban Renewal Plan for the Central Business District - South Station and in accordance with the terms of the LDA between the Authority and the Applicant.

G. Effect of Project. The Project will not be in any way detrimental to the best interests of the public or the City or to the public safety or convenience or be inconsistent with the most suitable development of the City. The Project will in fact forward the best interests of the City and will constitute a public use and benefit by removing an open, blighted and decadent area and create a vital link between the South Station area and the Central Business District.

The carrying out of the Project will not involve the construction or rehabilitation of buildings occupied in whole or in part as dwellings. The Project Area does not include land within any location approved by the State Department of Public Works for the extension of the Massachusetts Turnpike into the City of Boston.

The carrying out of the Project will not require the grant of a permit for the erection, maintenance, and use of the garage. The Project does not involve the construction of units which constitute a Single Building under the Boston Building Code and Zoning By-Laws. The Project is not, in contravention of any Zoning, Subdivision, Health or Building Ordinances or By-Laws, Rules and Regulations of the City of Boston. All permissions which are required for the Project to comply with the foregoing Ordinances, By-Laws and Rules and Regulations have been obtained by the Applicant.

H. Minimum Standards. The minimum standards for financing, construction and maintenance of the Project as set forth in

Exhibit C filed with and attached to the Application are hereby adopted and imposed as rules and regulations applicable to this Project for the same period as the Project is subject to the provisions of Chapter 121A of the General Laws and Chapter 652 of the Acts of 1960, as amended.

I. Environmental Aspects of the Project. In accordance with the applicable provisions of Sections 61 and 62 of Chapter 30 of the General Laws, as amended, the regulations of the Authority and of the Executive Office of Environmental Affairs thereunder, the Authority submitted on or about October 19, 1973 to the Secretary of Environmental Affairs a so-called negative assessment, which Report contained the findings which the Authority hereby adopts that an Environmental Impact Report was not necessary as the Project had no significant environmental impact.

The decision of the Authority not to prepare an Environmental Impact Report was approved and determined to adequately and properly comply with the provisions of the regulations by the Secretary of Environmental Affairs, Charles H. W. Foster, on November 18, 1973.

The Authority therefore finds and concludes that all feasible measures have been taken to avoid or minimize damage to the environment.

J. Extension of Period of Exemption from Taxation. Chapter 121A, as amended by Chapter 827 of the Acts of 1975 provides a base period of 15 years. Chapter 121A further authorizes the Authority to grant such additional periods between 15 and 40

years, based upon the amenities established or to be established in the Project Area. On September 9, 1976, the Authority amended its rules and regulations and set forth the basis upon which the Authority would consider various amenities to be incorporated within any project. Although the Applicant has requested an additional twelve year extension period, the Authority rejects said request for the reason that the amenities proposed do not comply with criteria established by the Authority for the granting of extensions as said amenities are generally incorporated into similar office buildings in the City of Boston.

The Authority hereby finds that the Application and such aspects of the Project as are within its jurisdiction conform to and comply with each and every applicable requirement of law, including without limitation, Chapter 121A of the General Laws, as amended, Chapter 652 of the Acts of 1960, as amended, and the Regulations applicable thereto; and the Authority, for the foregoing reasons and for the reasons set forth in the Application and supporting documents, and based upon the evidence presented at the hearing, this Report, and in the materials referred to in this Report, hereby approves the Application and the Project and consents to the formation of 175 Federal Street Associates as a 121A Limited Partnership for a period of 15 tax years.

Deviations to Codes and Ordinances -- no deviations were requested.

CERTIFICATE OF VOTE

The undersigned hereby certifies as follows:

(1) That he is the duly qualified and acting Secretary of the Boston Redevelopment Authority, hereinafter called the Authority, and the keeper of the records, including the journal of proceedings of the Authority.

(2) That the following is a true and correct copy of a vote as finally adopted at a meeting of the Authority held on December 22, 1977 and duly recorded in this office:

Copies of a memorandum dated December 22, 1977, were distributed re Report and Decision on Chapter 121A Application of 175 Federal Street Associates, attached to which were copies of a proposed vote, a letter dated December 22, 1977 to the Chairman from the Director, countersigned by Edward T. Sullivan and James Young and a Report and Decision.

On motion duly made and seconded, it was

VOTED: That the document presented at this meeting entitled, "REPORT AND DECISION ON THE APPLICATION FOR AUTHORIZATION AND APPROVAL OF A PROJECT UNDER CHAPTER 121A OF THE MASSACHUSETTS GENERAL LAWS (TER. ED.) AS AMENDED, AND CHAPTER 652 OF THE ACTS OF 1960, AS AMENDED, AND FOR CONSENT TO THE FORMATION PURSUANT TO SAID CHAPTER 121A OF AN URBAN REDEVELOPMENT LIMITED PARTNERSHIP UNDER THE NAME 175 FEDERAL STREET ASSOCIATES, FOR THE PURPOSE OF CARRYING OUT THE PROJECT," which also includes a determination by the Authority that said Project has no significant Environmental Impact, be and hereby is approved and adopted.

James K. Flaherty voted "present."

James E. Cofield, Jr. voted "nay."

(3) That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a legal quorum was present throughout the meeting, and a legally sufficient number of members of the Authority voted in a proper manner and all other requirements and proceedings under law incident to the proper adoption or the passage of said vote have been duly fulfilled, carried out and otherwise observed.

(4) That the Report and Decision to which this certificate is attached is in substantially the form as that presented to said meeting.

(5) That if an impression of the seal has been affixed below, it constitutes the official seal of the Boston Redevelopment Authority and this certificate is hereby executed under such official seal.

(6) That Robert F. Walsh is the Director of this Authority.

(7) That the undersigned is duly authorized to execute this certificate.

IN WITNESS WHEREOF the undersigned has hereunto set his hand this 23rd day of December, 19 77.

LS

BOSTON REDEVELOPMENT AUTHORITY

By Klaus Furman
Secretary

MEMORANDUM

DECEMBER 22, 1977

TO: BOSTON REDEVELOPMENT AUTHORITY

FROM: ROBERT F. WALSH, DIRECTOR

SUBJECT: 175 FEDERAL STREET ASSOCIATES
APPROVAL of 121A REPORT AND DECISION
WITH STATEMENT OF NO SIGNIFICANT ENVIRONMENTAL IMPACT

On October 7, 1976, a public hearing was held for approval of the formation of 175 Federal Street Associates pursuant to Chapter 121A of the General Laws of Massachusetts, as amended.

The applicants sought consent for the qualification of a limited partnership as a Chapter 121A entity for a project consisting of a 16-story office building of approximately 200,000 square feet on Parcel C-7-1 in the South Station Urban Renewal Project. The project would be comprised of rental space with first floor commercial and appurtenant facilities.

As the Report and Decision indicates, it is determined that the applicants have standing to apply for the qualification of the limited partnership as a 121A entity as a result of the legislative intent embodied in Section 21 of Chapter 827 of the Acts of 1975. It is also determined that the parcel does qualify for 121A treatment as an open, blighted, and/or decadent area. The applicants requested no deviations from applicable codes and ordinances.

The Authority also made inquiries into the Environmental Impact of the Project pursuant to Sections 61 and 62 of Ch. 30 of the Massachusetts General Laws. The proposal for 175 Federal Street Associates has thus been examined as to its Environmental Impact and as to its compliance with 121A criteria and is found to be acceptable under both statutes.

It is therefore appropriate at this time that the Authority adopt a Report and Decision on the Project. An appropriate Vote follows.

VOTED: That the document presented at this meeting entitled, "REPORT AND DECISION ON THE APPLICATION FOR AUTHORIZATION AND APPROVAL OF A PROJECT UNDER CHAPTER 121A OF THE MASSACHUSETTS GENERAL LAWS (TER.ED.), AS AMENDED, AND CHAPTER 652 OF THE ACTS OF 1960, AS AMENDED, AND FOR CONSENT TO THE FORMATION PURSUANT TO SAID CHAPTER 121A OF AN URBAN REDEVELOPMENT LIMITED PARTNERSHIP UNDER THE NAME 175 FEDERAL STREET ASSOCIATES, FOR THE PURPOSE OF CARRYING OUT THE PROJECT" which also includes a determination by the Authority that said Project has no significant Environmental Impact, be and hereby is approved and adopted.

Boston Redevelopment Authority

Robert F. Walsh / Director

City Hall
1 City Hall Square
Boston, Massachusetts 02201
Telephone (617) 722-4300

December 22, 1977

Robert L. Farrell, Chairman
Boston Redevelopment Authority
One City Hall Square
Boston, Massachusetts 02201

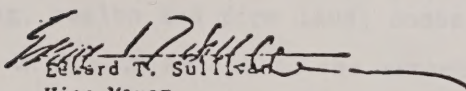
Subject: 175 Federal Street Associates
121A Application

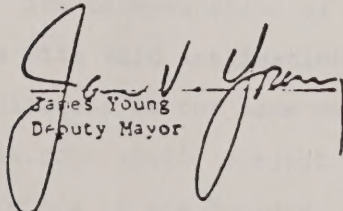
Dear Mr. Farrell:

This letter is to confirm to the Authority that the Applicants for the captioned project have reached an agreement with the City of Boston as to the amounts which would be payable to the City by the said 121A Corporation for a period of 15 years.

The sum of the excise payable under Section 10 of Chapter 121A and the additional amounts so payable will be computed on the basis of 23% of the gross for said project for the entire 15-year period. The details of this Agreement, which have been reached orally by representatives of the Applicants, and the newly created Mayor's Committee for the Evaluation of Tax Agreements for the City of Boston for 121A Corporations, will be reduced to a formal contract in the form required by Section 6A of Chapter 121A in the near future.

Very truly yours,


Edward T. Sullivan
Vice Mayor


James Young
Deputy Mayor

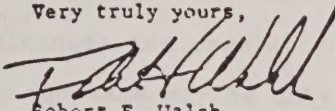

Robert F. Walsh
Director

EXHIBIT C

Minimum Standards for Financing, Construction,
Maintenance and Management of Project Under
Chapter 121A of the Massachusetts General
Laws, as Amended

1. Financing. The construction and long term financing of the cost of the Project shall be in accordance with the provisions of Paragraph 8 of the Application. Subject to the presently existing provisions of Chapter 121A, any refinancing, modification or recasting of the construction mortgage loan or long term mortgage financing referred to above may be made without the approval of the Authority if with an insurance company, savings bank or other recognized institutional lender. All other future financing shall be made only with the prior written approval of the Authority as to the terms thereof and the identity of the lender or lenders, which approval shall not be unreasonably withheld, provided, however, any loan or advance made by the Authority to the Applicant to fund operating deficits or to pay for capital improvements shall be deemed approved by the Authority providing such loans are made at a rate of interest not more than 4% in excess of the prime rate from time to time of State Street Bank and Trust Company.

2. Construction. The Applicant shall cause the Project to be constructed in a good and workmanlike manner employing materials of good quality and so as to conform to this Application, zoning, building, health and fire laws, codes, ordinances and regulations in effect in Boston except to the extent that the same may be duly varied. The determination of whether or not the construction complies with said Application, laws, codes, ordinances and regulations as the same may be varied by said permissions for deviations shall, subject only to judicial review, be determined by the Building Department of the City of Boston and all inspections to determine such compliance shall be

conducted by it.

3. Maintenance. Upon completion of construction as evidenced by the issuance of a Certificate of Completion by the Authority pursuant to the LDA and continuing for the period required by the LDA, the Applicant shall, at its own cost and expense, keep and maintain the Project or cause it to be kept and maintained, in such repair, order and condition as is required by the provisions of the Regulatory Agreement to be executed by the Authority and the Applicant, a copy of which is included in Exhibit B of this Application, and for the aforesaid period the Applicant shall also, at its own cost and expense, keep in force such hazard insurance on improvements on the Project Area as is required by the provisions of said Agreement.

4. Management. The Applicant may manage the Project itself or employ an affiliate or an independent contractor to undertake such management. Compensation for the management of the Project shall not be in excess of six percent (6%) of the gross rentals derived from the Project or such higher rate as from time to time may be customary in the City of Boston for projects of similar size and character.

5. Accounting Procedures:

A. Maintenance of Accounting Records. The Applicant shall keep and maintain at all times during the Term accounting records conforming to generally accepted accounting principles in which shall be recorded: all sums from time to time invested by the Applicant in the Project; and all information necessary for the computation of (i) the payments which the Applicant is required to make pursuant to the provisions of Sections 10 and 15 of Chapter 121A of the General Laws as heretofore amended, and (ii) the amounts which the Applicant (including the general and limited partners comprising the Applicant) shall be entitled to

receive and accept for their general purposes as net income from the Project pursuant to the provisions of said Chapter 121A as heretofore amended. Within ninety (90) days after the end of each calendar year the Applicant shall deliver to the Authority a statement for such calendar year certified by an officer of the Applicant giving in reasonable detail the information necessary for the computation of the foregoing items and computing the same. The Authority shall during reasonable business hours be permitted to examine and audit all such accounting records.

B. Definitions for the Purposes of Making Computations Required by the Provisions of Chapter 121A. For the purposes of making the computations required by said provisions of Sections 15 and 18C(e) of said Chapter 121A as heretofore amended, the following terms used in said sections shall have the following meanings:

(a) The "Cost of the Project" shall include without limitation the following expenditures and charges incurred by the Applicant at any time heretofore or hereafter in connection with the acquisition of the Project Area, and in developing, constructing and leasing the Project:

(i) Architectural, engineering, accounting, legal fees, and other professional fees and expenses.

(ii) Cost of the land and cost of site preparation.

(iii) Cost of maintaining the site and improvements prior to and during the construction period.

(iv) Cost of all real property improvements including, without implied limitation, the office building, landscaping, walks, and utility and drainage facilities.

(v) Expenditures for acquiring, constructing and installing furniture, furnishings, machinery, equipment and other personal property used or to be used in the construction, operation, use, management and maintenance of the Project which, under generally accepted accounting principles, would be treated as capital expenditures.

(vi) Fees, taxes, assessments and excises and similar payments (including payments pursuant to said Chapter 121A) prior to and during the construction period (viz. until issuance of Certificate of Completion by the Authority in accordance with the LDA).

(vii) Interest and other financing costs and expenses prior to and during the construction period, as defined above.

(viii) That part of the salaries, wages and reimbursable expenses of the Applicant, its general partners and affiliated companies and their employees and of the cost of employee benefits and of the general administrative expenses of the Applicant which are properly allocable to the acquisition of the land and the planning and construction of the Project and real property improvements.

(ix) Working capital required for operation and maintenance of the Project not to exceed \$688,000.

(x) Any other direct and indirect expenses which, under generally accepted accounting principles, would be treated as capital expenditures, including, without limitation, construction, development, supervision, leasing and brokerage fees payable to affiliates.

For the purposes of Section 15 of Chapter 121A of the General Laws, the amortization or depreciation of the cost of the Project may, at the election of the Applicant, be at such annual rates and in accordance with such methods as may be allowed to the Applicant by the Internal Revenue Service of the United States of America from time to time or at such other annual rates and methods as are in accordance with generally accepted accounting procedures.

(b) "The amount invested in the Project" as used in said Chapter 121A, shall mean from time to time the Cost of the Project as defined above, less the amount of the permanent mortgage.

6. Receipt by Applicant of Net Income. The partners of the Applicant shall be entitled to receive and accept for their general purposes as net income from the Project sums not exceeding eight percent of the amount invested in the Project for each year in which they own or have owned the Project, except that, if in any year they have so received a sum less than the aforesaid eight percent, they may so receive in a subsequent year or years additional sums not exceeding in the aggregate such deficiency without interest. The amounts so received and accepted shall be included among the deductions from gross receipts set forth or referred to in Section 15 of said Chapter 121A.

EXHIBIT D

Statement of Amounts to be Paid to the City of Boston
in Addition to the Excise Prescribed by Massachusetts
General Laws (Ter. Ed.) Chapter 121A, Section 10

Except as provided below, the Applicant proposes to pay to the City of Boston in each year of the Term as defined in Paragraph 18 of the Application or such shorter period as provided in the contract entered into between the City and the Applicant to which this Exhibit is attached (the "Term") next following the calendar year 1975 the amount, if any, by which the amounts hereinafter set forth exceed the excise prescribed for such calendar year by Mass. Gen. Laws (Ter. Ed.) Chapter 121A, Section 10, as now existing:

A. During Construction:

In each calendar year listed below during construction, the following amounts:

Calendar Year 1976 \$50,000

Calendar Year 1977 \$100,000

Notwithstanding the foregoing, for Calendar Years 1976 and 1977, the amount specified above shall be reduced by the amount of ad valorem real estate taxes or amounts in lieu thereof paid by Applicant to the City during the respective calendar years or attributable to periods included in the respective calendar years.

B. Upon Completion:

In each calendar year commencing with Calendar Year 1978, 23 percent of the Gross Income of the Project in such Calendar Year.

In no event, however, shall the Applicant pay more in any calendar year than an amount equal to the taxes which would have been assessed for such calendar year upon the real estate included in the Project Area and the tangible personal property of the Applicant used in connection with the operation, maintenance or management of the Project if such real estate and tangible personal property had not been exempt from taxation.

Any payments which may become due on account of the provisions of this Exhibit for any calendar year shall be paid to the City one half on or before April 30 and one half on or before October 31 of the year next following such calendar year.

Notwithstanding the foregoing provisions: (a) any payments due by the Applicant with respect to any calendar year pursuant to the provisions of Section 15 of Chapter 121A, as now or hereafter in effect, shall reduce the payments due with respect to such calendar year by the Applicant pursuant to the provisions of this Exhibit, but shall not reduce the payments prescribed by Section 10 of said Chapter as now in effect; and (b) if the Applicant, notwithstanding the provisions of the contract to which this Exhibit is attached, shall in any year pay to the Commonwealth of Massachusetts, or any political subdivision thereof any excise or tax measured by income from or investment in the Project additional to the excise provided for by Section 10 of said Chapter 121A as now in effect, and the payment provided for by Section 15 of said Chapter as now in effect, the applicable amounts stated in or computed in accordance with the preceding paragraphs of this Exhibit shall be reduced by the amount of such additional excise or tax. Any overpayment applicable to one calendar year shall, at the election of the City, be either refunded or applied by the City to reduce the payments due in the next calendar year except that with respect to the last calendar year in the Term any overpayment by the Applicant shall be forthwith refunded by the City.

The phrase "gross income of the Project", as used in this Exhibit, shall be deemed to mean the aggregate of the following:

The gross rentals received from others by the Applicant from the Project, exclusive of security deposits and prepaid rents received by Applicant until the same are applied to or accrued for rental payments actually due; and exclusive of any and all payments received by the Applicant (even though such payments may be designated as "additional rent" or "fixed rent" or included as a component of the base rent) to reimburse the

Applicant for (a) any services rendered, any expenses incurred, and any payment made for or on behalf of a tenant for which a separate charge is made; (b) any expenses incurred by the Applicant in connection with any default of a tenant; (c) actual increased costs to Applicant of real estate taxes and assessments and/or Applicant's operating expenses incurred with respect to the Project; (d) utility charges, including electricity, water, sewer, oil and gas; and (e) any costs incurred by Applicant for the performance of work in order initially to prepare or subsequently to alter any space in, or to make restorations to, the building.

No income realized by the Applicant from any business not directly related to the construction, alteration, maintenance, repair, operation or management of the Project shall be included in computing the gross income of the Project.

The Board of Assessors of the City of Boston, has determined for the purpose of said Chapter 121A that the Maximum Fair Cash Value for the Project on completion shall not exceed Five Million (\$5,000,000) Dollars. Prior to completion, the Maximum Fair Cash Value shall be the percentage of work completed in place at each assessing date times the Maximum Fair Cash Value for the Project.

EXHIBIT B

REGULATORY AGREEMENT

As Required Under the Provisions of Chapter 121A,
Section 18C of the Massachusetts General Laws

This Agreement entered into this day of
1976, by and between 175 Federal Street Associates, a limited
partnership subject to the provisions of Chapter 121A of the General
Laws of the Commonwealth of Massachusetts (the "Partnership"),
and the Boston Redevelopment Authority, ("the Authority").

WHEREAS, under the terms and provisions of Chapter 121A of Massachusetts General Laws, as amended, the Partnership has filed an application for approval to undertake and carry out a project to construct a certain building for office and commercial use to be financed by the State Street Bank and Trust Company and the General Electric Pension Trust, said project (the "Project") being more particularly described in said application to which this Agreement is attached;

WHEREAS, pursuant to the provisions of Chapter 121A, Section 18C, the Partnership is required to enter into a Regulatory Agreement with the Boston Redevelopment Authority;

NOW, THEREFORE, the Partnership agrees for itself, its successors and assigns with the Boston Redevelopment Authority, in consideration of the approval of the Authority and subject to Applicant obtaining all other assents and approvals as may be required by law, and the execution by the City of Boston of the contract to which this Agreement is attached as follows:

1. To finance the costs of the Project as stated in the application dated February , 1976, filed with the Authority.

2. To keep the accounts for the Project separate and apart from any other activities conducted by the Partnership, and not to expend income from the Project other than earnings as described in Chapter 121A, Section 18C(e) of the General Laws upon or for the benefit of any of their other activities.

3. To comply with the provisions contained in Chapter 121A, Section 8, relative to the inspection of buildings, and the enforcement of compliance with the financing program and rules and regulations applicable to a project, and that they will not receive or accept, while this Regulatory Agreement is in force, as net income from the Project any sum in excess of eight percent (8%) of the amount invested by them in the Project in each year in which they own or have owned the Project, except that if in any year they have so received a sum less than the aforesaid eight percent (8%), they may so receive in a subsequent year or years additional sums not exceeding, in the aggregate, such deficiency without interest. Nothing contained in this paragraph, however, shall be applicable to the realization of profits from the sale of capital assets of the Partnership. The amount determined to be the amount invested in the Project for purposes of this paragraph 3 shall be as defined in Exhibit C to the application.

4. That in consideration of the exemption from taxation of real and personal property and betterments and special assessments and from the payment of any tax, excise or assessment to or for the Commonwealth or any of its political subdivisions on account of the Project, that it will pay the excise with respect to the Project which a corporation would be bound to pay under the formula and provisions set forth in Section 10 of said Chapter 121A.

5. Subject to the provisions of paragraph 6 of this Regulatory Agreement, and except as provided for earlier termination in the contract to which this Agreement is attached, this Regulatory Agreement shall continue for the Term as defined in

paragraph 18 of the Application (the "Term") from the date of approval of the Project which is the subject matter of this Regulatory Agreement. Subject to the Partnership having carried out the obligations and duties imposed by said Chapter 121A for the Term or such shorter period as provided in the contract to which this Agreement is attached, neither the Project nor the Partnership shall thereafter be subject to the obligations of said Chapter 121A nor enjoy the rights and privileges thereunder, nor be subject to the terms, conditions and obligations of this Regulatory Agreement as provided for in Section 18C of said Chapter.

6. If the Partnership proposes, acting either under the provisions of the last paragraph of Section 11 or under Section 16A of said Chapter 121A, to transfer the Project to a different entity, this Regulatory Agreement shall, upon such transfer, be terminated.

7. This Regulatory Agreement shall be binding upon and the benefits hereunder shall inure to the Partnership, its legal representatives, executors, administrators, successors in office or interest and assigns.

8. The Partnership does hereby covenant and agree with the Boston Redevelopment Authority that except as otherwise provided in Section 401 of the Land Disposition Agreement between the Authority and Partnership dated December 23, 1974 (the "LDA"), it will not transfer, assign, convey or sell or in any manner hypothecate its respective interests in the Project prior to the completion of the Project, (viz. issuance of the Certificate of Completion by the Authority in accordance with the LDA), except in accordance with Section 401 of the LDA, and that as a condition to any request to permit a transfer of such interest they will cause such transferee or assignee to enter into a written agreement in form and manner reasonably satisfactory to the Authority wherein such assignee or

transferee agrees to assume and be bound by the terms and provisions of this Regulatory Agreement.

9. Prior to completion, any transferee or any person or entity succeeding to the rights and obligations and interest of the respective partners as owners in the Project by operation of law, testamentary disposition, intestacy or insolvency or otherwise shall be deemed to have covenanted and agreed to be bound by the terms, covenants and conditions of the within agreement.

10. (a) The Authority may enforce any of its orders, rules or regulations or the provisions of this Regulatory Agreement by a bill in equity filed in the Superior Court of the Commonwealth of Massachusetts or by a petition for a writ of mandamus filed under the provisions of Section 5 of Chapter 249 of the General Laws.

(b) The Partnership agrees that it will (1) maintain full and accurate accounts, records and books relative to the Project in such manner and in such detail as the Authority may prescribe; (2) grant to the employees or representatives of the Authority at all times during normal business hours access to the project and to its accounts, records, and books; (3) permit the Authority or any accountants or auditors approved by it to make periodic audits of the accounts and financial records of the Partnership which shall at all times be available in The Commonwealth of Massachusetts at One Center Plaza, Boston, Massachusetts or such other place as may be mutually agreed upon in The Commonwealth of Massachusetts; and (4) furnish to the Authority such financial, operating, statistical and other reports, records, statements and documents on a uniform and consistent basis as may be required, periodically or on a one-time basis, by the Authority and copies of contracts of the Partnership or other documents in the possession of the Partnership as the Authority may from time to time require.

(c) Any notice or demand permitted or required under this Regulatory Agreement to be given or served by either of the parties hereto or upon the other party hereto shall be in writing.

and shall be signed in the name of the party giving or serving the same. Such notice or demand shall be mailed by registered mail (postage and registry charge prepaid) or served on the Director of the Boston Redevelopment Authority or member or officer or designee of the Partnership. Notice shall be deemed to have been received at the time of actual service or three (3) days after the date of the mailing by registered mail properly addressed. The principal office of the Director of the Boston Redevelopment Authority shall be deemed to be City Hall, Boston, Massachusetts, 02201, or such other place as said Director may designate by written notice to the Partnership; and the principal office of the Partnership shall be deemed to be One Center Plaza, Boston, Massachusetts, or such place as the Partnership may designate by written notice to the said Director.

(d) The liability of the Partnership and its general and limited partners shall be limited to their interests in the Project, and the general and limited partners shall have no personal liability hereunder.

EXECUTED as a sealed instrument.

175 FEDERAL STREET ASSOCIATES

By: _____
General Partner

BOSTON REDEVELOPMENT AUTHORITY

By: _____
Director

Boston

Raymond L. Flynn, Mayor

November 3, 1986

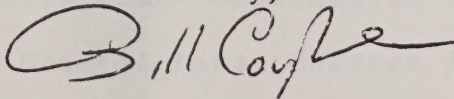
Mr. Stephen Coyle, Director
B.R.A.
City Hall 9th floor
Boston, MA 02201

RE: 175 Federal Street 121A Corporation

Dear Mr. ^{Stacy} Coyle,

Our department has proposed amendments to the 6A contract for the 175 Federal Street 121A project. The proposed amendments would remove the Fair Market Value cap of \$5,000,000 and would allow the Assessing Commissioner to place a Fair Market Value under Chapter 59 on the property. The proposed amendments would also increase the minimum 6A payment to 23.5% of gross income, excluding real estate taxes and operating expense reimbursements, instead of the current 23%.

Sincerely,



William B. Coughlin
Commissioner

William B. Coughlin, Commissioner/ASSESSING DEPARTMENT/Boston City Hall/City Hall Plaza 02201



AMENDMENT TO
CONTRACT REQUIRED BY SECTION 6A
OF CHAPTER 121A OF THE GENERAL LAWS

AGREEMENT made this _____ day of _____ 1986 between
175 Federal Street Financial Associates, (the "owner") a joint
venture comprised of 175 Federal Street Associates, a
Massachusetts limited partnership and 175 Federal Street Realty
Corp., a Delaware Corporation and the CITY OF BOSTON, (the
"city") a municipal corporation of the Commonwealth of
Massachusetts; acting under Massachusetts General Laws Chapter
121A, §6A and every other power and authority hereto enabling.

WITNESSETH THAT:

WHEREAS, there has been filed on behalf of 175 Federal
Street Associates with the Boston Redevelopment Authority of
the Commonwealth of Massachusetts (the "Authority") an
application dated March 1, 1976 (the "Application") under the
provisions of Massachusetts General Laws, Chapter 121A, as
amended, and Chapter 652 of the Acts of 1960, as amended, for
approval of a project situated in the City of Boston, said
project being more particularly described in said Application
and in the metes and bounds description of said Application
(the "Project");

WHEREAS, the Authority approved the Project by a vote on December 22, 1977; and

WHEREAS, the Mayor of the City of Boston approved the aforementioned vote of the Authority on December 27, 1977; and

WHEREAS, the Certificate of Vote of the Authority and the approval of the Mayor of the City of Boston were filed with the office of the City Clerk on December 29, 1977; and

WHEREAS, 175 Federal Street Financial Associates has filed with the Authority an application dated August 26, 1986 for consent by the Authority to acquisition of the Project; and

WHEREAS, the Authority has consented to acquisition of the Project by the owner; and

WHEREAS, the owner is required in accordance with General Laws, Chapter 121A, § 10 to pay the Commonwealth of Massachusetts an excise tax for calendar year 1977 and fourteen (14) years succeeding; and

WHEREAS, on December 22, 1978, 175 Federal Street Associates entered into a contract, hereinafter called "the Contract" with the City pursuant to the said §6A as well as § 14 of Chapter 121A of the General Laws of the Commonwealth of Massachusetts concerning the Project; and

WHEREAS, the owner has agreed to be substituted in every way for 175 Federal Street Associates under the Contract; and

WHEREAS, the owner has agreed to pay the City additional taxes as provided in the Contract and as provided in this Amendment to said contract.

NOW, THEREFORE:

1. The owner hereby agrees with the City as follows:
 - a. To assume the obligations of 175 Federal Street Associates under the Contract except as such obligations are hereinafter amended or modified.
 - b. To pay to the City with respect to each calendar year commencing with the calendar year 1986, twenty-three and one half (23.5%) percent of the gross income of the project in such calendar year, less the amount of excise payable and prescribed for such calendar year by General Laws, Chapter 121A, § 10.
2. The owner hereby agrees with the City that for the years remaining in which the Contract is in effect, beginning with calendar year 1986, there shall be no determination of a maximum fair cash value.

The Board of Assessors of the City of Boston shall annually determine the fair cash value of the Project and so certify such value.

The owner hereby agrees with the City that except where this Amendment is in conflict with the Contract, the Contract shall remain in full force and effect. This amendment shall have the effect of modifying only the specific provisions of the contract referred to herein, and no others.

Executed as a sealed instrument the day and year first above written.

CITY OF BOSTON

BY _____
Mayor

BY _____
Commissioner of Assessing

BY _____
175 Federal Street
Financial Associates

Approved as to form:

BY _____
Corporation Counsel

2275L

